

ATTACHMENT

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AMENDMENTS TO SECTIONS 68.3 AND 68.4 RELATED TO AUDIT DOCUMENTATION

68.3 Retention Period for Audit Documentation.

(a) The retention period mandated by Business and Professions Code Section 5097 shall be measured from the ~~report date~~ **date of issuance of the report (report release date)**.

(b) If audit documentation is required to be kept for longer than seven years because of a pending Board investigation or disciplinary action, audit documentation shall not be destroyed until the licensee has been notified in writing by the Board of the closure of a Board investigation or disciplinary proceeding.

(c) Any documents required to be maintained by Business and Professions Code Section 5097 or these regulations shall be maintained in accessible form.

(d) Audit documentation shall be retained whether or not the documentation supports the auditor's final conclusions. All audit documentation regarding any significant matter related to the audit shall be retained whether or not the documentation contains information or data inconsistent with the auditor's final conclusions. Significance of a matter shall be determined based on an objective analysis of the facts and circumstances. Audit documentation to be retained shall also include all documentation of consultations on, or resolutions of, any differences of opinion regarding the exercise of professional judgment.

NOTE: Authority cited: Section 5010, 5018, and 5098, Business and Professions Code. Reference: Sections 5097 and 5098, Business and Professions Code.

68.4. The Document Assembly Period and Subsequent Changes in Audit Documentation After Issuance of the Report.

(a) Audit documentation that is not completed prior to the date of issuance of the report shall be completed during the document assembly period specified in this subsection.

(1) For audits of publicly traded companies, the document assembly period is the 45-day period following the date of issuance of the report. If the report is not issued in connection with such an engagement, the document assembly period ends 45 days after the date that the fieldwork was completed. If the auditor was unable to complete such an engagement, then the document assembly period ends 45 days from the date the engagement ceased.

(2) For audits of an entity other than publicly traded companies, the document assembly period is the 60-day period following the date of issuance of the report. If the report is not issued in connection with such an engagement, the document assembly period ends 60 days after the date that the fieldwork was completed. If the auditor was unable to complete such an engagement, then the document assembly period ends 60 days from the date the engagement ceased.

(b) After the end of the document assembly period, ~~(a) Changes in audit documentation include any addition, removal, deletion, substitution, or editing of audit documentation, including, but not limited to, physical or electronic additions to any audit documentation file or preexisting audit documentation~~ **whether in physical or electronic form, is prohibited** occurring after the date of issuance of the audit report which is supported in whole or in part by the audit documentation. **Documents added to the file shall comply with the requirements in subsection (c).**

~~(b) Except as provided in subsection (c), in~~ **In** addition to any other documentation required by professional standards, any ~~changes in audit documentation~~ **added after the end of the document assembly period** shall provide the identity of the person(s) making the change **who prepared the additional documentation** and identity of any person(s) approving the change **addition**, the date of the **change addition**, and the reason for ~~the change adding it~~ **if the reason is other than the assembling of pre-existing documents.** The documentation which is changed **added** shall contain sufficient detail to enable a reviewer with relevant knowledge and experience, having no previous connection with the audit engagement, to understand the nature, timing, reason for, and extent of the ~~change~~ **addition**.

~~(c) During a 60-day period after the date of issuance of the audit report, documents may be added to the file for the assemblage and documentation of work previously performed.~~ **(d)** Nothing in this subsection **section** authorizes the deferral of audit procedures required to be performed prior to the date of issuance of the report.

NOTE: Authority cited: Section 5010, 5018, and 5098, Business and Professions Code. Reference: Sections 5097 and 5098, Business and Professions Code.